

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re Application of: <i>Erisman, Terry</i>	)	<b>Examining Group 3624</b>
	)	
Serial No.: 09/560,203	)	<b>Examiner: Felten, Daniel S.</b>
	)	
Filed: 4/28/2000	)	
	)	
For: <i>Method &amp; Apparatus for Auctioning Items</i>	)	

**Supplemental Reply Brief/Amendment Canceling Claims Filed  
Pursuant to 37 C.F.R. 41.41 & 41.37**

Mail Stop Appeal Brief - Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Dear Sir:

In response to the Supplemental Examiner's Answer of December 24, 2008,  
Applicant submits a Supplemental Reply Brief under 37 C.F.R. § 41.41.

**Response to new rejection under § 101**

As a preliminary matter, and to expedite consideration of the subject matter in this application, which has been subjected to several years of unnecessary delays, Applicant hereby also cancels claims 44 – 70<sup>1</sup> and 85 – 87 (without prejudice or waiver to re-file) pursuant to 37 C.F.R. § 41.33 to obviate the newly presented § 101 rejections. These rejections are therefore moot. The attached Appendix A provides a list of the pending claims (1 – 10, 37 - 43, 76 – 81 and 94 – 102) involved in the present appeal. The other grounds of rejection of the remaining claims presented in the Supplemental Examiner Answer are addressed below.

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<sup>1</sup> The Supplemental Examiner Answer makes reference only to claims 44 – 65, but this is inconsistent with the pending claims. If independent claim 65 is rejected, dependent claims 66 – 70 should have been rejected by the same rationale. Applicant proceeds on the assumption that this was the Examiner's true intent.

**A. Claim 1 is patentable over Mori (6,044363) in view of Barzilai (6,012,045) in view of Godin (6,266,652) in view of Aggarwal (6,151,589) and Lange (6,321,212)**

The § 103 rejection in the Supplemental Examiner Answer is again confusing, because it states categorically<sup>2</sup> that there was a discussion of such five (5) references (and motivations to combine) in earlier Office Actions, yet, in fact, nothing of the sort ever occurred. The May 20, 2003 Office Action cited only four of such references in combination:

Mori (6,044363)

Barzilai (6,012,045)

Godin (6,266,652)

Aggarwal (6,151,589)

This rejection was addressed in an amendment dated July 21, 2003. The Examiner then issued a new Office Action on November 10, 2003, which cited the above four references and a new reference to Rackson (6,415,270) – not Lange.

The new combination of the above four references (to include Lange and drop Rackson) was not cited until January 27, 2006, some three years later, but the Examiner does not cite to or reference such Office Action. Consequently Applicant is left to guess again about what the Examiner's intends to incorporate from the two 2003 Office Actions, as they make no mention of the Lange reference.

There is no teaching of an auction with bids in Lange

Nonetheless in the Supplemental Answer (page 4) the Examiner again relies heavily on Lange for the proposition that it shows:<sup>3</sup>

"...an embodiment where firms (bidders) specify that a set of ranked (or range of) bids submitted by a bidder for a set of items (or states of) are treated as mutually exclusive..." citing to col. 58, l. 47 to col. 59, l.4

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<sup>2</sup> This part of the Supplemental Answer again repeats the same erroneous reference to "claims 1 – 102" and further refers to Office Actions "mailed" May 16, 2003 and October 31, 2003, which are also in error. These mistaken references make it difficult to follow the Examiner's logic in many instances.

<sup>3</sup> Applicant further notes that the discussion of the prior art appears as if it was triplicated in the Supplemental Answer. There is a discussion that begins on page 4 and extends to page 7; then this same discussion is repeated at pages 8 – 11; the bulk of the discussion is then again repeated on pages 12 – 14. Applicant cannot discern any new evidence or argument presented in the later duplications.

Applicant submits that the Supplemental Answer again fails to address the fundamental limitation (pointed out in the Appeal Brief) that Lange does not even disclose “bids” or “bidders” for items in an electronic auction. There is no addressing of this point whatsoever in the Supplemental Answer (in fact it appears as a repeat of the original Answer), and on this basis Applicant submits there is no reasonable dispute on the evidence of record that it is not there.

Again, from all indications Lange is an *investment* system which allows entities to hedge their bets by investing “...in the distribution of possible auction outcomes.” Lange, Col. 58, ll. 55+. Thus, Lange’s participants do not provide bids for items in an auction; instead they hedge by investments against the outcome of the auction, but this takes place outside of the auction itself. This is clear from the plain language in the passage cited by the Examiner.

Thus the “investments” made by some bidders in these side DBAR claims are not bids in the auctions. They are merely hedges for these bidders to secure additional chances of winning the auction at a known price by purchasing multiple bids in particular ranges. The Examiner does not explain or suggest how such DBAR claims could be integrated within a conventional electronic auction system such as shown in the other prior art references.

#### Lange does not show bid rankings

The Examiner tangentially addresses the second main point noted by Applicant, namely, that there is no bid ranking in Lange. As set out in claim 1, the bid ranking

“...represents a desired order in which a bid is to be resolved in the electronic auction compared to any other bids made by such bidder for other items...”

The Examiner now states for the first time that since the claim recites that the bidder “...can specify that a set of ranked bids submitted by a bidder for a set of items should be treated as mutually exclusive...” he treats this language as imposing only a recommendation, and that the items do not have to be mutually exclusive. This logic fails to consider the fact that the method is nonetheless encompassing auctions in which both mutually exclusive and non-mutually exclusive options are available as the disclosure makes clear. The Examiner’s new point is mostly semantic, and falls more

within the ambit of a §112 issue which should have been raised earlier; nonetheless it is easily corrected if need be with a simple word change.

The key point is, the Examiner now appears implicitly to agree that the prior art does not allow for the option whereby the bidder can specify that the ranked bids are treated as mutually exclusive. The “ranges” which the Examiner cites in Lange are clearly not “rankings” because there is no indication that they serve any purpose whatsoever in an auction, let alone a ranking function for the bids.

#### Lange does not show mutually exclusive bids

The Examiner’s Answer only tangentially addresses the third flaw identified in the Lange reference: it does not show mutually exclusive bids. The Examiner equates the “bid ranges” - which investors can invest in per the Lange scheme – with mutually exclusive bids in an electronic auction. All Lange shows is that investors can invest in multiple auction outcomes for a *single* item - they are not placing *mutually exclusive bids* in an *auction across separate items*.

The Examiner also suggests that the auction ranges discussed in Lange – to the extent they are not overlapping – show mutually exclusive bids. But this is clearly not the case. As noted in the Appeal Brief, an auction outcome for a single item might be represented by the following “mutually exclusive” ranges: 0 – 10; 11 – 20; 20 – 30; 30+, etc. (four separate ranges). According to Lange, one could invest in DBAR claims for all four, if desired. However, if a person were to do so, one would have to pay for all four DBAR claims covering each of the four ranges. The investor in Lange does *not* get to “invest” in all four ranges but then only pay for the final range which turns out to be the one in which bid falls. There is absolutely nothing “mutually exclusive” therefore about the Lange investments.

Similarly, Lange says nothing about allowing a user to invest in DBAR claims in a manner that is mutually exclusive as between separate items. That is, for 2 separate items, the user in Lange must pay for DBAR claims in ranges for both; he/she is not given the option of only hedging on the outcome of one of the items.

In short, since Lange does not in fact contain the disclosure necessary to support a finding of obviousness, the present rejection cannot be sustained. Given there is a complete lack of evidence, the present record cannot meet the criteria needed for a prima facie case of obviousness, and, in that case, the present rejections should

be overturned. See e.g., In re Neilson, 816 F.2d 1567, 1572, 2 USPQ 2d 1525, 1528 (Fed. Cir. 1984); In Re Gordon, 733 F.2d 900, 902, 221 USPQ 1125, 1127 (Fed. Cir. 1984).

#### Lange is Non-analogous art

The Examiner states that Lange, which is admittedly not an auction reference, is nonetheless within the field of endeavor, citing a case which involved the art of tracking objects, such as bottles. See e.g., Geo. J. Meyer Mfg. Co. v. San Marino Elec. Corp. 422 F.2d 1285 (9<sup>th</sup> Cir. 1970). The difficulty with this analogy is that at least in that case the function being performed (detecting an object having distinct light and dark characteristics) was reasonably the same. Here, the Examiner makes no effort to suggest or explain what common problem is addressed between the Lange reference and the Applicant's disclosure. Again, the two have little in common, other than the fact that the Examiner makes strained attempts to equate certain terms (bids, ranking, mutually exclusive) which are not used remotely in the same way. Lange is a tool for investors to invest in bid ranges, not implement the bids themselves. Lange has no concern for rankings, so he is not solving the same problem there either. Finally, the only thing in Lange dealing with "mutual exclusivity" are the bid investment ranges, not the decisions on the bids themselves.

Applicant submits that there is little to suggest that the instant case satisfies the Geo J. Meyer requirements, and notes that the Examiner does not provide any support for making this suggestion either. For this reason Applicant submits again that a person skilled in the art would not consider the investment scheme of Lange to be analogous art, and this is not properly combinable in the first case.

#### **B. Dependent claims 2 – 5 are also patentable**

The Supplemental Answer does not make any attempt to defend the rejection of dependent claims 2 – 5, which are patentable for additional reasons. In fact Applicant can find no separate mention of the arguments against these claims anywhere to date.

Per the Appeal Brief, claim 2 is patentable because the prior art does NOT teach or suggest "... a set of bids from any particular bidder each include a unique bid ranking" for each of said corresponding set of items. Claim 4 is separately patentable

because the cited prior art does not provide any description of “conditional” bids as set out in this claim.

**C. Independent claim 6 and claims 7 – 10 depending therefrom are also patentable**

The Appeal Brief pointed out that independent claim 6 was patentable because of the additional reason that neither Mori nor Barzilai teach any form conditional and unconditional bidding. Applicant pointed out the specific teachings and deficiencies in these references which preclude their relevance here.

Notably, nothing was submitted by the Examiner in the Supplement Answer to address or rebut these points raised in the Appeal Brief. Thus Applicant submits that there can be no reasonable dispute about the patentability of these claims based on the evidence of record.

The Appeal Brief further pointed out that dependent claims 7 – 10 were patentable because of the additional reasons that the prior art does NOT teach or suggest “... a common auction period” (claim 7); or that a numerical value indicating a number of conditional bids is displayed (claim 8).

Again nothing was submitted by the Examiner in the Supplement Answer to address or rebut these points raised in the Appeal Brief. Applicant submits that there can be no reasonable dispute about the patentability of these claims based on the evidence of record.

**D. Independent claim 37 and claims 38 - 43 depending therefrom**

The Appeal Brief further pointed out that these claims were patentable because of the additional reasons that the prior art does NOT teach or suggest “...(b) *grouping said items based on a common auction period* to create a set of common items available to a plurality of purchasers for bidding...” This point is not addressed or rebutted anywhere in the Supplement Answer. Accordingly Applicant submits that there can be no reasonable dispute about the patentability of these claims based on the evidence of record.

**E. Dependent claims 38 – 43**

Applicant pointed out in the Appeal Brief that these claims are patentable on additional grounds, yet there is no mention or rebuttal in the Supplemental Answer to

support the rejections. Again these claims are patentable because the prior art does NOT teach or suggest “.. comparing bids...in an order determined by said bid ranking...” (claim 39); or that the auction proceeds by examining highest ranked bids, not highest price bids (claim 40).

**F. Independent claim 76 and claims 77 – 80 depending therefrom**

As noted in the Appeal Brief, these claims should be allowable for the same reasons for the claims already discussed above.

**G. Independent claim 81**

As noted in the Appeal Brief, this claim should be allowable for the same reasons for the claims already discussed above.

**H. Independent claim 94 and claims 95 – 102 depending therefrom**

As noted in the Appeal Brief, these claims should be allowable for the same reasons for the claims already discussed above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Nicholas Gross". The signature is fluid and cursive, with the first name "J." being more distinct than the last name "Gross".

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## APPENDIX A

### COMPLETE LISTING OF CLAIMS IN APPLICATION

1. (Previously presented) A method of processing bid information for an electronic auction comprising the steps of:

- (a) providing a database of items available for auction;
- (b) receiving a set of bids from one or more bidders for a corresponding set of items selected from said database, each bid in said set of bids including at least a bid price and a bid ranking specified by a bidder for an item;

wherein said bid ranking from said bidder for an item represents a desired order in which a bid is to be resolved in the electronic auction compared to any other bids made by such bidder for other items in said database of items;

further wherein said bidder can specify that a set of ranked bids submitted by such bidder for a set of items should be treated as mutually exclusive, such that the electronic auction determines at most a single item to be awarded to said bidder from said set of ranked bids by correlating a ranking relationship between separate items bid on by said bidder.

2. (Original) The method of claim 1, wherein a set of bids from any particular bidder each include a unique bid ranking for each of said corresponding set of items.

3. (Original) The method of claim 1, further including a step (c): providing a maximum bid price for each bid, and an auto-bid indicator for raising said bid price as needed until said maximum bid price is reached.

4. (Original) The method of claim 1, further including a step (c): monitoring a status of the electronic auction, including a high bid for an item, and information relating to other conditional bids for said item.

5. (Original) The method of claim 1, further including a step (c): selecting a guaranteed purchase option for an item so that said item is purchased without undergoing further processing in the electronic auction.



6. (Previously presented) A method of monitoring bid information for an electronic auction comprising the steps of:

- (a) retrieving a set of items from an auction database in accordance with a specified search criteria;
- (b) displaying said set of items;
- (c) for each item in said set of items, displaying a current highest unconditional bid price specified by a bidder and information relating to any conditional bids specified by other bidders for said item;

wherein said conditional bids are not considered by an auction processing engine until and unless they become unconditional bids during an auction period associated with said item.

7. (Original) The method of claim 6, wherein said set of items correspond to inventory to be auctioned during a common auction period.

8. (Original) The method of claim 6, wherein said information relating to said conditional bids includes a numerical value indicating a number of said conditional bids having a bid price equal to or exceeding said highest unconditional bid price and/or a minimum bid price for said item.

9. (Original) The method of claim 6, wherein said items correspond to access rights to an entertainment facility.

10. (Original) The method of claim 9, wherein said entertainment facility is a golf course, and said items are golf tee times at said golf course.

11 - 36 (Canceled)

37. (Previously presented) A method of conducting an electronic auction comprising the steps of:

- (a) compiling a database of items available for auction;
- (b) grouping said items based on a common auction period to create a set of common items available to a plurality of purchasers for bidding;
- (c) receiving bids for said set of common items from said plurality of purchasers, said bids including at least a bid price and a bid ranking specified by a purchaser for an item, said bids being comprised of separate sets of mutually exclusive bids from each of said plurality of purchasers for separate and mutually exclusive items;
- (d) processing said separate sets of mutually exclusive bids based on both said bid price and said bid ranking specified by said purchaser for said set of common items to determine winning bids for each item in said set of common items by correlating a ranking relationship between bids for separate items made by such purchasers.

38. (Original) The method of claim 37, wherein each of said plurality of users receives at most one winning bid for said set of common items.

39. (Original) The method of claim 37, wherein a winning bid for an item in said set of common items is determined by comparing bids submitted by purchasers in an order determined by said bid ranking submitted by said purchasers for said item.

40. (Previously presented) The method of claim 37, wherein said electronic auction for an item proceeds in a sequence determined by examining highest ranked bids in said separate sets of bids submitted for said item by purchasers, and not by reference to a highest bid price offered for said item.

41. (Original) The method of claim 37, further including the following steps: (e): notifying a first purchaser when a highest ranked bid from said first purchaser is determined to be not a winning bid for an item; (f) permitting said first purchaser to increase an amount of said bid price for said item within a predetermined time period; (g) notifying a second purchaser that their highest ranked bid is a winning bid when said first purchaser does not increase their bid price within said predetermined price period.

42. (Previously presented) The method of claim 37, wherein said winning bids can be determined even before an end of said common auction period by giving purchasers an immediate purchase option.

43. (Previously Amended) The method of claim 37, wherein said bid prices for said separate sets of mutually exclusive bids for said set of common items, but not said bid rankings, are visible to said plurality of purchasers during said common auction period.

44 – 75 (Canceled)

76. (Previously presented) A system for conducting an electronic auction of items comprising:

- (a) an auction controller accessible by a number of bidding computing systems;
- (b) an auction inventory database accessible by said auction controller, and being adapted to store identifying information for the items; and
- (c) an auction bid database accessible by said auction controller, and being adapted to store information for bids on the items, each of said bids including both a bid price and a bid ranking specified by a bidder for an item, said bid ranking corresponding to a desired order in which a bid is to be resolved compared to any other bids made by such bidder for other items in said database of items;

said auction controller being configured such that it processes said bids for said items in accordance with both said bid price and said bid ranking specified by a bidder for said items and such that said bidder's ranked bids for any of the items can be treated as mutually exclusive by correlating a ranking relationship between ranked bids made on separate items bid on by such bidder.

77. (Original) The system of claim 76, further including an e-mail processor for notifying bidders of results of the electronic auction.

78. (Original) The system of claim 76, further including an administrative computing device for performing administrative tasks for said auction controller.

79. (Original) The system of claim 76, wherein said bidding computing systems are connected through a network to said auction controller.

80. (Original) The system of claim 76, wherein all of the items are auctioned at the same time.

81. (Previously presented) A system for conducting an electronic auction of items comprising:

- (a) an electronic auction file for storing information concerning auction items;
- (b) an electronic bid file for storing a set of bids for a corresponding set of items selected from said auction file, each bid in said set of bids including at least a bid price and a bid ranking specified by a bidder for an item;
- (c) an electronic auction processor for processing said set of bids based on both said bid price and said bid ranking specified by bidders for said corresponding set of items to determine if there is at least one winning bid for one of said corresponding set of items; and

wherein a single bidder can bid on more than one item in the electronic auction, but said electronic auction processor can be programmed to only generate at most a single winning bid for said single bidder by correlating a ranking relationship between bids made on separate items bid on by such single bidder.

82 – 93 (Canceled)

94. (Previously presented) An electronic auction system comprising:

- a. means for entering auction inventory items; and
- b. means for storing said auction inventory items; and
- c. means for reviewing said auction inventory items; and
- d. means for querying said auction inventory items to create selected auction inventory items satisfying selection criteria of a potential bidder;
- e. means for entering a bid amount and a bid ranking specified by a bidder for one or more of said selected auction inventory items to create one or more bid entries;
- f. means for storing said bid entries;
- g. means for processing said bid entries to determine winning bids for said auction inventory items, said winning bids being based on both said bid amount and said bid ranking;

wherein a bidder can specify that a set of bids submitted by such bidder for a set of items in said auction inventory items should be processed as mutually exclusive by specifying that a ranking relationship should be correlated between separate bids made by such bidder on separate items;

- h. means for transmitting a notification associated with said winning bids to one or more bidders.

95. (Original) The system of claim 94, wherein bid entries for an auction item from any individual bidder consist of at least one unconditional bid.

96. (Original) The system of claim 94, further comprising means for transmitting a notice to a bidder that their bid entries do not include a winning bid.

97. (Original) The system of claim 94, further comprising a means for permitting a bidder who has been outbid for an auction item to increase a bid amount of a bid entry.

98. (Original) The system of claim 94, further comprising a means for coordinating payment of any winning bids.

99. (Original) The system of claim 94, further comprising a means for observing a status of any auctions.

100. (Original) The system of claim 94, further comprising a means to store user information.

101. (Original) The system of claim 94, further comprising a means to store vendor information.

102. (Original) The system of claim 94, further comprising a means to store and retrieve historical auction results.